

## DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



July 24, 2001

ALL-COUNTY LETTER NO. 01-46

## REASON FOR THIS TRANSMITTAL

- ☐ State Law Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order or Settlement Agreement
- ☐ Clarification Requested by One or More Counties
- ☒ Initiated by CDSS

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: CALIFORNIA FOOD ASSISTANCE PROGRAM (CFAP)  
REPORTINGREFERENCE: ALL COUNTY LETTER (ACL) 98-13, dated March 3, 1998 and  
ACL 98-54, dated July 22, 1998

The purpose of this letter is to advise counties that the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS), has notified the California Department of Social Services (CDSS) that a portion of our "administrative funding may be suspended and/or disallowed" due to CFAP reporting deficiencies. In approving CFAP, FNS required that **actual** food stamp issuance dollars be reported after the end of the federal grace period that ran from September 1997 to March 1998. However, the majority of counties reviewed have been found to be reporting estimates rather than the actual federal and state share of issuances for combined federal Food Stamp Program and CFAP households.

We ask counties to review reporting procedures and, if necessary, to institute immediate changes to ensure compliance with reporting requirements. FNS considers the reporting of estimated rather than actual issuance dollars a "highly serious" deficiency that requires immediate correction. Another federal audit of this program is expected in the near future.

As a prelude to that audit, county welfare directors will soon receive a letter from CDSS asking them to certify whether or not their county is reporting actual issuance dollars for combined federal/CFAP households on the Food Stamp Program Participation and Coupon Issuance Report (DFA 256), which they submit to CDSS each month. If the county is unable to certify that they report actual issuances for these households, then the county must provide the date by which actual issuances will be reported.

For your convenience, the following background information details the history of this issue:

- From September 1997 to March 1998, as provided by the CFAP State Plan, counties were allowed to estimate the federal and state shares of food stamp issuances for combined federal/CFAP households using the ratio of federal and state persons in the combined households. Effective March 1998, the State Plan mandated that counties were to begin using actual federal and CFAP issuance amounts for combined households.
- ACL 98-13, dated March 3, 1998, directed counties to begin reporting actual federal and state shares of issuance for combined federal/CFAP households on their March 1998 DFA 256.
- ACL 98-54, dated July 22, 1998, reiterated that actual issuance dollars for combined federal/CFAP households must be reported separately and distributed a revised DFA 256.
- The USDA, Office of Inspector General, conducted an in-depth case-by-case review (Audit Number 27099-09-Hy 1998) and found that counties were using reporting methods that did not produce actual issuance dollars for the federal and state shares of issuance costs for combined federal/CFAP households.
- In September 1998, the FNS staff conducted an onsite state agency operations review of the CFAP and found that counties were not reporting actual issuance dollars. As a result of the FNS review and subsequent letter directing the CDSS to ensure that counties report actual federal and state issuance dollars, the CDSS took the following actions:
  - ❑ Staff conducted a telephone survey in May 1999 to determine how many counties were reporting actual issuance dollars. Ten counties did not have CFAP recipients, forty-one counties said they were reporting actuals, four counties said they were estimating but would start reporting actuals by July 1999, and three counties did not respond.
  - ❑ On August 25, 1999 a letter was sent to county report staff with a copy of ACL 98-54, reiterating that actual issuance dollars for combined federal/CFAP households were to be reported separately on the DFA 256 beginning with March 1998.
  - ❑ Based on an agreement with FNS, during July and August 2000, the Data Systems and Survey Design Bureau (DSSDB) conducted reviews in seven counties representing the various automation consortia. The object of the review was to evaluate the accuracy and completeness of the issuance dollars being reported on the DFA 256 for combined federal/CFAP households. All seven of the counties were found to be estimating at least a portion of the combined federal/CFAP issuance amounts. One of the seven counties sends in revisions that report actuals within a few months of the original submission.

We ask for your full cooperation and immediate action to correct this very serious reporting deficiency as outlined by FNS. We acknowledge the difficulties associated with implementing and maintaining the CFAP and appreciate your efforts to provide benefits to this needy population who are no longer federally eligible.

If you have questions regarding the State Plan requirements, contact Mike Papin of the Food Stamp Program at (916) 654-1880. If you have questions regarding DFA 256 reporting, contact Ginger Simpson of the DSSDB at (916) 654-1214. If you have questions regarding the CFAP funding process between FNS and CDSS, contact James Cortes of the Fiscal Systems and Accounting Branch at (916) 657-3131.

<b><i>Original Document Signed By Bruce Wagstaff on 7/24/01</i></b>	<b><i>Original Document Signed By Lois VanBeers on 7/24/01</i></b>	<b><i>Original Document Signed By Gloria Merk on 7/24/01</i></b>
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c: CWDA